

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6898

BILL NUMBER: SB 329

NOTE PREPARED: Jan 1, 2013

BILL AMENDED:

SUBJECT: Volunteer Fire Department Contracts.

FIRST AUTHOR: Sen. Kruse

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: X GENERAL
DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: The bill requires a volunteer fire department that enters into or renews a contract with a township for fire protection services after June 30, 2013, to be organized as a domestic nonprofit corporation. The bill requires the board of directors of a volunteer fire department that contracts with a township after June 30, 2013, to have as a majority of the members of the board of directors: (1) directors appointed by the township executive of each township that contracts with the volunteer fire department; or (2) township executives or designees of the township executives of each township that contracts with the volunteer fire department for fire protection services.

Effective Date: July 1, 2013.

Explanation of State Expenditures: The Secretary of State (SOS) could see an increase in the number of nonprofit incorporation filings as a result of the bill. It is likely the SOS would be able to process the additional filings within the agency's existing level of resources.

Explanation of State Revenues: State revenues would increase slightly if more volunteer fire departments (VFDs) file with the SOS for nonprofit incorporation. The fee to file articles of incorporation for a nonprofit organization is \$20. Additional fees may apply depending on the entity filing. All fees for filing as a nonprofit organization with the SOS are deposited into the state General Fund.

Explanation of Local Expenditures: *Summary:* This provision would have an unknown impact on future contracting expenditures of townships with volunteer fire departments for fire protection. VFDs may elect to pass the cost to achieve nonprofit status onto the township when renegotiating contracts to provide fire

protection services.

VFDs that are not already nonprofit organizations would require expenditures in order to achieve nonprofit status. Expenditures could likely include legal fees to file the appropriate paperwork with the state and the federal government (501(c)(3)), legal review of the application federal form 1023, and appropriate application fees.

Background Information- There are approximately 521 fire departments in Indiana that have filed not-for-profit articles of incorporation with the Secretary of State. The vast majority of these departments are volunteer fire departments.

Explanation of Local Revenues:

State Agencies Affected: Secretary of State.

Local Agencies Affected: Volunteer fire departments, townships.

Information Sources: Indiana Secretary of State.

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